

**REGULAR STATE BANKING BOARD MEETING  
OFFICE OF THE COMMISSIONER  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
2000 SCHAFER STREET, SUITE G  
BISMARCK, NORTH DAKOTA**

**September 13, 2012**

The regular meeting of the State Banking Board was held in the Office of the Commissioner, Department of Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota. Chairman Entringer called the meeting to order at 9:00 a.m., Thursday, September 13, 2012, by conference call.

MEMBERS PRESENT: Robert J. Entringer, Chairman (*Office*)  
Nancy Baerwald, Member (*Cando*)  
Linda Beall, Member (*Velva*)  
Kim Larson, Member (*Casselton*)  
Anita Quale, Member (*Watford City*)  
Tom Stennes, Member (*Harwood*)

MEMBER ABSENT: Bill Daniel, Member

ALSO PRESENT: Aaron K. Webb, Secretary (*Office*)  
Suzette Richardson, Administrative Staff Officer (*Office*)  
Lise Kruse, Chief Examiner - Banks (*Fargo*)

**APPROVAL OF MINUTES**

Chairman Entringer indicated the Board received copies of the minutes of the regular meeting held on July 20, 2012.

**It was moved by Member Larson, seconded by Member Stennes, and unanimously carried by voice vote, with Member Daniel absent, to approve the July 20, 2012, minutes as presented.**

## **ITEMS TO BE NOTED**

Chairman Entringer indicated that on August 30, 2012, he approved, as Commissioner, an application by First State Bank of North Dakota, Arthur, to close its facilities at 118 Fowler St, Sheldon, and 105 E Main St, Fort Ransom, effective October 15, 2012.

Chairman Entringer indicated that on September 4, 2012, he approved, as Commissioner, an application by State Bank of Bottineau, Bottineau, to close its facility at 103 11<sup>th</sup> St E, Bottineau, effective September 4, 2012.

Chairman Entringer indicated that on September 11, 2012, he approved, as Commissioner, an application by United Valley Bank, Cavalier, to close its interstate branch at 516 Atlantic Ave (Fifth and Atlantic Avenues), Kennedy, MN, effective October 31, 2012.

Chairman Entringer indicated that on September 5, 2012, he approved, as Commissioner, an application by State Bank & Trust, Fargo, to establish an interstate branch at 214 5<sup>th</sup> St N, Breckenridge, MN.

Chairman Entringer indicated that on August 22, 2012, he approved, as Commissioner, an application by State Bank & Trust, Fargo, to establish LPOs at 125 Lake St W, Wayzata, MN; 13784 83<sup>rd</sup> Way N, Maple Grove, MN, and 1221 West Lake St, Minneapolis, MN.

## **BANK BUDGET UPDATE**

Chairman Entringer reviewed the June 30, 2012, Organizational Status Report by Summary Account and Source, and indicated he had no items to report at this time. Chairman Entringer indicated the September 30, 2012, report will include the assessment revenue collected for the current fiscal year.

## **BANK OF NORTH DAKOTA**

Member Larson asked Chairman Entringer if he has had any contact with the Eric Hardmeyer, President of the Bank of North Dakota, regarding its annual assessment. Chairman Entringer stated he has not, since President Hardmeyer has

been unavailable for a meeting. Chairman Entringer stated he hopes President Hardmeyer is available to meet in November and, if not, suggested that the Board go forward and approve an assessment for the Bank of North Dakota.

Chairman Entringer explained the history of the annual assessment for the Bank of North Dakota for the benefit of Member Stennes; adding that the Board has had extensive discussion regarding their annual assessment and concluded that Bank of North Dakota should be included on the same assessment schedule as all state-chartered banks. Chairman Entringer explained since the Bank of North Dakota had already budgeted the \$50,000 annual assessment for the existing biennium, he suggested any change be for the following biennium.

Member Stennes questioned if the Department's costs to examine the Bank of North Dakota are being covered under the \$50,000 annual assessment. Chairman Entringer explained the Department creates a bill for the examination expense; however, that amount is netted against the \$50,000 annual assessment. Therefore, if the examination expense does not exceed \$50,000, there is no additional charge to the Bank of North Dakota.

In response to the inquiry by Member Beall, Chairman Entringer indicated the Department charges \$45 per hour for expenses to examine the Bank of North Dakota, which is an average of all Department staff hourly salaries, including benefits. Member Beall indicated this is way less than the Bank of North Dakota would pay an outside auditor.

Member Stennes noted that if the State Banking Board increases the annual assessment paid by the Bank of North Dakota it could be interpreted as taking excess funds from the General Revenue in order to benefit the Department's budget. Chairman Entringer agreed that an increase could be an issue, having one state agency transferring funds to support another state agency.

Member Beall indicated she feels it is a question of fairness to the state-chartered banks, as their assessments have increased while the Bank of North Dakota remains at the set fee of \$50,000.

Chairman Entringer indicated he will again contact President Hardmeyer asking him to discuss the Bank of North Dakota's annual assessment with the State Banking Board, or the Board will determine a future fee schedule for them.

## **NEXT MEETING**

Chairman Entringer indicated he has a conflict with the next regular meeting scheduled for November 8, 2012. The Board agreed to reschedule the meeting for November 1, 2012. Chairman Entringer indicated the Department will inform the Secretary of State's Office regarding the date change.

Chairman Entringer indicated the meeting dates for 2013 will also be discussed and set at the November 1, 2012, meeting; adding the meetings will be scheduled for the second Thursday quarterly.

## **PROPOSED LEGISLATIVE BANK BILLS**

Chairman Entringer indicated he and Assistant Commissioner Webb met with the Legislative Committee of the North Dakota Bankers Association (NDBA) in May 2012 regarding proposed banking legislation and indicated that the Department would not be proposing many substantive changes. However, Chairman Entringer indicated the Conference of State Bank Supervisors (CSBS) will conduct the Department's reaccreditation review in 2013; adding that legislation is one area that will be reviewed. Chairman Entringer indicated if CSBS determines the Department's statutes need recodification, it must be done within five years of that determination. Chairman Entringer explained that if the Department's attorney meets with the Accreditation Review Team and indicates the entire statute was reviewed and necessary changes were made, such action would meet the requirements of reaccreditation. Chairman Entringer continued that he, Assistant Commissioner Webb, and Assistant Attorney General Murtha have met several times to review the entire banking statute and have drafted a 32 page bill that is mostly housekeeping in nature. Chairman Entringer indicated he, Assistant Commissioner Webb, and Assistant Attorney General Murtha will meet with NDBA and ICBND on September 25, 2012, to review the proposed changes.

Chairman Entringer indicated in the past the Department has drafted parity orders regarding residential real estate and leasing to municipalities or public entities; it is the intent of the Department to incorporate these orders into the banking statutes.

## **SECURE FILE TRANSFER SYSTEM**

Chairman Entringer indicated the State has a secure file transfer system; therefore, Board members could receive information their Board packets by downloading the information from the secure site. Chairman Entringer indicated any lengthy applications could be mailed to each Board member directly from the applicant, or the Department would mail paper copies.

Chairman Entringer asked how the Board members felt about receiving information electronically, and the members agreed it was a good idea.

**The Board went into closed session at 9:24 a.m. to review the Supervisory Reports of Examination pursuant to North Dakota Century Code 6-01-07.1.**

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Robert J. Entringer, Chairman

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Aaron K. Webb, Secretary